

**City of Sullivan, Missouri**

**Annual Financial Statements**

For The Year Ended September 30, 2022

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## **INDEPENDENT AUDITORS' REPORT**

To the Board of Alderman  
City of Sullivan, Missouri

### **Opinions**

We have audited the accompanying modified cash basis financial statements of the governmental activities, the business-type activities, each major fund, and aggregate remaining fund information of the City of Sullivan, Missouri, as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash basis financial position of the governmental activities the business-type activities, each major fund, and the aggregate remaining fund information of the City of Sullivan, Missouri, as of September 30, 2022, and the respective changes in modified cash basis financial position, and where applicable, cash flows thereof for the year then ended in accordance with the modified cash basis of accounting described in Note 1.

### **Basis for Opinions**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of Sullivan, Missouri, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### **Emphasis of Matter—Basis of Accounting**

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting described in Note 1, and for determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

## **Auditors' Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City of Sullivan, Missouri's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Sullivan, Missouri's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### ***Other Information***

Management is responsible for the other information included in the annual report. The other information comprises the management's discussion and analysis, budgetary comparison schedules and related notes, and combining governmental fund financial statements but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 8, 2022, on our consideration of the City of Sullivan, Missouri's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Sullivan, Missouri's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Sullivan, Missouri's internal control over financial reporting and compliance.

***Fick, Eggemeyer & Williamson***

Fick, Eggemeyer & Williamson, CPA's  
Saint Louis, Missouri  
December 8, 2022

# **City of Sullivan**

## **Management's Discussion and Analysis**

September 30, 2022

As management of the City of Sullivan, Missouri (the "City"), we offer readers of the City's financial statement this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2022. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal. All amounts, unless otherwise indicated, are expressed in thousands of dollars. Please read it in conjunction with the financial statements.

### **USING THIS ANNUAL REPORT**

This annual report is presented in a format consistent with the presentation requirements of the Governmental Accounting Standards Board (GASB) Statement No. 34. GASB Statement 34 implements a new model of financial reporting for state and local governments designed to enhance the usefulness of the City's annual report.

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities provide information about the activities of the City as a whole and present a longer-term view of the City's finances. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the City's operations in more detail than the government-wide statements by providing information about the City's most significant funds. The remaining statements provide financial information about activities for which the City acts solely as a trustee or agent for the benefit of those outside of the government.

### **Reporting the City as a Whole**

#### **FINANCIAL HIGHLIGHTS**

The assets of the City of Sullivan exceeded its liabilities at the close of the most recent fiscal year by \$58,243,625 (net position). Of this amount, \$25,208,744 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.

#### **THE STATEMENT OF NET POSITION AND THE STATEMENT OF ACTIVITIES**

One of the most important questions asked about the City's finances is, "Is the City as a whole better off or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Activities both report information about the City as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the modified cash basis of accounting, which is commonly used by government agencies.

These two statements report the City's net position and changes in them. You can think of the City's net position - the difference between assets and liabilities - as one way to measure the City's financial health, or financial position. Over time, increases or decreases in the City's net position are one indicator of whether its financial health is improving or deteriorating. You will need to consider other non-financial factors however, such as changes in the City's property tax base and the condition of the City's roads, to assess the overall health of the City.

In the Statement of Net Position and the Statement of Activities, we divide the City into two kinds of activities:

- **Governmental activities** - Most of the City's basic services are reported here, including the police, general administration, streets, and parks departments. Sales taxes, property taxes, franchise fees, state and federal grants finance most of these activities.
- **Business-type activities** - The City charges a fee to customers to help it cover all or most of the cost of certain services it provides. The City's electric, water and sewer, and solid waste systems are reported here.

### **Reporting the City's Most Significant Funds**

The fund financial statements provide detailed information about the most significant funds - not the City as a whole. Some funds are required to be established by state law and by bond covenants. However, the Board of Aldermen establishes many other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money (like grants received from federal and state governments). The City has two kinds of funds, governmental and proprietary.

- *Governmental funds* - Most of the City's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in a reconciliation to the side of the fund financial statements.
- *Proprietary funds* - When the City charges customers for the services it provides - whether to outside customers or to other units of the City - these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities. In fact, the City's enterprise funds (a component of proprietary funds) are the same as the business-type activities we report in the government-wide statements but provide more detail and additional information, such as cash flows, for proprietary funds.

## THE CITY AS TRUSTEE

The City is the trustee or fiduciary of funds that are often used to account for assets that are held in a trustee or fiduciary capacity such as pension plan assets, assets held per trust agreements and similar arrangements. The City has custodial responsibilities for one agency fund. The municipal court bond fund accounts for court bonds held for individuals awaiting court dates and monies collected for fines. We exclude these activities from the City's other financial statements because the City cannot use these assets to finance its operation. The City is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

## THE CITY AS A WHOLE

The City's combined net position increased by 6.78% or \$3,700,730 from 2021 to 2022. (See figure 1)

**Figure 1**  
**City of Sullivan, Missouri**  
**Condensed Statement of Net Position**  
**Modified Cash Basis**

	<b>Governmental Activities</b>		<b>Business Type Activities</b>		<b>Total</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
<b>Assets</b>						
Current and other assets	\$ 13,343,117	\$ 13,143,336	\$ 18,715,633	\$ 16,502,215	\$ 32,058,750	\$ 29,645,551
Noncurrent assets	16,710,606	17,543,215	12,571,327	13,428,187	29,281,933	30,971,402
Total assets	30,053,723	30,686,551	31,286,960	29,930,402	61,340,683	60,616,953
<b>Liabilities</b>						
Current liabilities	361,058	2,861,058	467,000	442,000	828,058	3,303,058
Long-term liabilities	-	-	2,269,000	2,771,000	2,269,000	2,771,000
Total liabilities	361,058	2,861,058	2,736,000	3,213,000	3,097,058	6,074,058
<b>Net position</b>						
Net investment in capital assets	16,710,606	17,543,215	9,835,327	10,215,187	26,545,933	27,758,402
Restricted	6,488,948	3,534,724	-	-	6,488,948	3,534,724
Unrestricted	6,493,111	6,747,554	18,715,633	16,502,215	25,208,744	23,249,769
Total net position	\$ 29,692,665	\$ 27,825,493	\$ 28,550,960	\$ 26,717,402	\$ 58,243,625	\$ 54,542,895

The largest portion of the City's net position is in its investment in capital assets (e.g. land, buildings, improvements other than buildings, infrastructure, and other), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; therefore, these assets are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay debt must be provided from other sources, since capital assets themselves cannot be used to liquidate these liabilities.



**Figure 2**  
**City of Sullivan, Missouri - Changes in Net Position - Modified Cash Basis**

	<b>Governmental</b>		<b>Business Type</b>		<b>Total</b>	
	<b>Activities</b>		<b>Activities</b>			
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
<b>Revenues</b>						
Program revenues						
Charges for services	\$ 996,338	\$ 822,183	\$ 14,313,021	\$ 13,036,903	\$ 15,309,359	\$ 13,859,086
Capital grants & contributions	767,014	1,727,255	15,000	-	782,014	1,727,255
General revenues						
Property taxes	449,070	446,191	-	-	449,070	446,191
Sales tax	4,341,424	4,077,520	-	-	4,341,424	4,077,520
Motor fuel tax	212,681	187,928	-	-	212,681	187,928
Investment income	60,277	94,850	48,982	108,402	109,259	203,252
Gain on sale of asset	25,934	9,925	-	-	25,934	9,925
Miscellaneous	264,011	244,072	-	11,589	264,011	255,661
Total revenues	7,116,749	7,609,924	14,377,003	13,156,894	21,493,752	20,766,818
<b>Expenses</b>						
Administrative and general	1,178,827	1,595,508	-	-	1,178,827	1,595,508
Police	2,636,714	2,491,311	-	-	2,636,714	2,491,311
Judicial	67,527	68,426	-	-	67,527	68,426
Animal control	71,163	64,742	-	-	71,163	64,742
Streets	1,447,708	1,569,361	-	-	1,447,708	1,569,361
Airport	347,072	293,798	-	-	347,072	293,798
Culture and recreation	999,705	1,016,873	-	-	999,705	1,016,873
Electric	-	-	7,703,499	10,823,876	7,703,499	10,823,876
Water and sewer	-	-	2,906,287	2,770,125	2,906,287	2,770,125
Solid waste	-	-	434,520	422,869	434,520	422,869
Total expenses	6,748,716	7,100,019	11,044,306	14,016,870	17,793,022	21,116,889
<b>Change in net position</b>	368,033	509,905	3,332,697	(859,976)	3,700,730	(350,071)
<b>Transfers</b>	1,499,139	1,408,622	(1,499,139)	(1,408,622)	-	-
Net position, beginning of year	27,825,493	25,906,966	26,717,402	28,986,000	54,542,895	54,892,966
<b>Net position, end of year</b>	<u>\$ 29,692,665</u>	<u>\$ 27,825,493</u>	<u>\$ 28,550,960</u>	<u>\$ 26,717,402</u>	<u>\$ 58,243,625</u>	<u>\$ 54,542,895</u>

FY2022 total revenues exceeded total expenditures by \$3,700,730. The City's revenue from sales tax increased by 6.5% or \$263,904.

## **Governmental Activities**

To aid in the understanding of the Statement of Activities, some additional explanation is given. Of particular interest is the format that is significantly different than a typical Statement of Revenues, Expenses, and Changes in Fund Balance. You will notice that expenses are listed in the first column with revenues from that particular program reported to the right. The result is a Net (Expense)/Revenue. The reason for this kind of format is to highlight the relative financial burden of each of the functions on the City's taxpayers. It also identifies how much each function draws from the general revenues or if it is self-financing through fees and grants or contributions. All other governmental revenues are reported as general. It is important to note that all taxes are classified as general revenue even if restricted for a specific purpose.

## **Business-type Activities**

Charges for services still represent 99% of the revenues of the business-type activities. The Sullivan Municipal Utilities expenses are primarily from the electric system (71% or \$7,703,499). This is due to the inclusion of the cost of power purchased for resale in the electric system expenses.

## **THE CITY'S FUNDS**

As noted earlier, the City used fund accounting to ensure and demonstrate compliance with finance related legal requirements.

**Government funds.** The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, the unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

**Proprietary funds.** The focus of the City's proprietary (enterprise) funds is to provide the same type of information as found in the government-wide financial statements, but in more detail.

## **GENERAL FUND BUDGETARY HIGHLIGHTS**

Over the course of the year, the Board of Alderman modified the General Fund budget as needed but only among line items.

## **CAPITAL ASSETS AND DEBT ADMINISTRATION**

### **CAPITAL ASSETS**

At the end of September 30, 2022, the City had \$29 million invested in capital assets including buildings, park facilities, police equipment, and electric, water, and sewer lines. This is a 5.45% decrease from FY2021. (See the following table)

	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
Land and construction in progress	\$ 3,052,713	\$ 3,058,504	\$ 551,266	\$ 808,044	\$ 3,603,979	\$ 3,866,548
Buildings and improvements	2,937,536	3,084,438	484,563	227,072	3,422,099	3,311,510
Vehicles	177,071	279,825	343,267	538,510	520,338	818,335
Furniture and fixtures	-	-	-	-	-	-
Equipment	755,377	735,135	281,053	374,967	1,036,430	1,110,102
Infrastructure	9,787,909	10,385,313	10,911,178	11,479,594	20,699,087	21,864,907
<b>Total</b>	<b>\$ 16,710,606</b>	<b>\$ 17,543,215</b>	<b>\$ 12,571,327</b>	<b>\$ 13,428,187</b>	<b>\$ 29,281,933</b>	<b>\$ 30,971,402</b>

Current year capital asset additions include:

West Main Street Sidewalk	\$ 80,232	Street
Airport New Hangars	26,435	Airport
Aluminum vertical platform	12,092	Street
2022 Defender UTV	17,660	Street
2022 Takeuchi TB250-2CR	61,700	Street
Pool liner	111,573	Parks
Pre-engineered building	28,892	Electric
Pump NP275-4 Thatcher Lift Station	23,434	Water
	<u>\$ 362,018</u>	

## DEBT

At year-end, the City had a long-term debt of \$2,736,000, a decrease of \$477,000 from FY2021.

## ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The City considered several factors while developing the fiscal year 2021-2022 budget and in establishing fee structures. The budget for the new fiscal year reflects the City's continued fiscally conservative position that was instituted during the earlier economic downturn.

## CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of the City's finances and to demonstrate the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the City Clerk's office at 210 West Washington, Sullivan, MO, or telephone at (573) 468-4612.

CITY OF SULLIVAN, MISSOURI  
STATEMENT OF NET POSITION - MODIFIED CASH BASIS  
SEPTEMBER 30, 2022

ASSETS	Governmental Activities	Business-Type Activities	Total
Current assets			
Cash and cash equivalents	\$ 10,343,372	\$ 7,905,943	\$ 18,249,315
Certificates of deposit	2,999,745	7,797,408	10,797,153
Investments	-	27,593	27,593
Accounts receivable (net of allowance)	-	2,623,195	2,623,195
Interfund receivable	-	361,494	361,494
Total current assets	<u>13,343,117</u>	<u>18,715,633</u>	<u>32,058,750</u>
Noncurrent assets			
Capital assets, net of depreciation	<u>16,710,606</u>	<u>12,571,327</u>	<u>29,281,933</u>
Total noncurrent assets	<u>16,710,606</u>	<u>12,571,327</u>	<u>29,281,933</u>
Total assets	<u><u>\$ 30,053,723</u></u>	<u><u>\$ 31,286,960</u></u>	<u><u>\$ 61,340,683</u></u>
LIABILITIES			
Current liabilities			
Interfund payable	\$ 361,058	\$ -	\$ 361,058
Current portion of long-term liabilities	-	467,000	467,000
Total current liabilities	<u>361,058</u>	<u>467,000</u>	<u>828,058</u>
Noncurrent liabilities			
Bonds payable	<u>-</u>	<u>2,269,000</u>	<u>2,269,000</u>
Total noncurrent liabilities	<u>-</u>	<u>2,269,000</u>	<u>2,269,000</u>
Total liabilities	<u><u>\$ 361,058</u></u>	<u><u>\$ 2,736,000</u></u>	<u><u>\$ 3,097,058</u></u>
NET POSITION			
Net investment in capital assets	\$ 16,710,606	\$ 9,835,327	\$ 26,545,933
Restricted for:			
Capital improvements	4,432,365	-	4,432,365
ARPA funds	1,438,126	-	1,438,126
Motor fuel tax	529,355	-	529,355
Public safety	33,625	-	33,625
MODAG	55,477	-	55,477
Unrestricted	<u>6,493,111</u>	<u>18,715,633</u>	<u>25,208,744</u>
Total net position	<u><u>\$ 29,692,665</u></u>	<u><u>\$ 28,550,960</u></u>	<u><u>\$ 58,243,625</u></u>

The notes to the financial statements are an integral part of this statement.

CITY OF SULLIVAN, MISSOURI  
STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

FUNCTIONS/PROGRAMS	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Position		
		Fees, Fines and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total
					Governmental Activities	Business-Type Activities	
Primary government							
Governmental activities							
Administrative and general	\$ 1,178,827	\$ 388,708	\$ 767,014	\$ -	\$ (23,105)	\$ -	\$ (23,105)
Police	2,636,714	134,154	-	-	(2,502,560)	-	(2,502,560)
Judicial	67,527	58,019	-	-	(9,508)	-	(9,508)
Animal control	71,163	2,310	-	-	(68,853)	-	(68,853)
Streets	1,447,708	2,602	-	-	(1,445,106)	-	(1,445,106)
Airport	347,072	325,485	-	-	(21,587)	-	(21,587)
Culture and recreation	999,705	85,060	-	-	(914,645)	-	(914,645)
Total governmental activities	6,748,716	996,338	767,014	-	(4,985,364)	-	(4,985,364)
Business-type activities							
Electric	7,703,499	10,629,373	-	-	-	2,925,874	2,925,874
Water and sewer	2,906,287	3,238,913	15,000	-	-	347,626	347,626
Solid waste	434,520	444,735	-	-	-	10,215	10,215
Total business-type activities	11,044,306	14,313,021	15,000	-	-	3,283,715	3,283,715
Total primary government	\$ 17,793,022	\$ 15,309,359	\$ 782,014	\$ -	(4,985,364)	3,283,715	(1,701,649)
General revenues							
Taxes							
Property tax							
					449,070	-	449,070
Sales tax							
					4,341,424	-	4,341,424
Motor fuel tax							
					212,681	-	212,681
Investment income							
					60,277	48,982	109,259
Miscellaneous							
					264,011	-	264,011
Gain on sale of asset							
					25,934	-	25,934
Transfers between funds							
					1,499,139	(1,499,139)	-
Total general revenue and transfers					6,852,536	(1,450,157)	5,402,379
Changes in net position					1,867,172	1,833,558	3,700,730
Net position - beginning					27,825,493	26,717,402	54,542,895
Net position - ending					\$ 29,692,665	\$ 28,550,960	\$ 58,243,625

The notes to the financial statements are an integral part of this statement.

CITY OF SULLIVAN, MISSOURI  
STATEMENT OF ASSETS, LIABILITIES, AND FUND BALANCES  
MODIFIED CASH BASIS  
GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2022

	Major Funds			Nonmajor Funds	
				Other	
	General Fund	Capital Projects Fund	Elmont Overpass Fund	Governmental Funds	Total
ASSETS					
Cash and cash equivalents	\$ 6,143,663	\$ 2,226,455	\$ 1,251,600	\$ 618,457	\$ 10,240,175
Certificates of deposit	1,910,905	1,088,840	-	-	2,999,745
Interfund receivable	25,466	156,443	-	-	181,909
Total assets	<u>\$ 8,080,034</u>	<u>\$ 3,471,738</u>	<u>\$ 1,251,600</u>	<u>\$ 618,457</u>	<u>\$ 13,421,829</u>
LIABILITIES					
Interfund payable	\$ 251,994	\$ 40,973	\$ 250,000	\$ -	\$ 542,967
Total liabilities	<u>251,994</u>	<u>40,973</u>	<u>250,000</u>	<u>-</u>	<u>542,967</u>
FUND BALANCES					
Restricted for:					
Capital improvements	-	3,430,765	1,001,600	-	4,432,365
ARPA funds	1,438,126	-	-	-	1,438,126
Motor fuel tax	-	-	-	529,355	529,355
Public safety	-	-	-	33,625	33,625
MODAG	-	-	-	55,477	55,477
Unassigned	6,389,914	-	-	-	6,389,914
Total fund balances	<u>7,828,040</u>	<u>3,430,765</u>	<u>1,001,600</u>	<u>618,457</u>	<u>12,878,862</u>
Total liabilities and fund balances	<u>\$ 8,080,034</u>	<u>\$ 3,471,738</u>	<u>\$ 1,251,600</u>	<u>\$ 618,457</u>	<u>\$ 13,421,829</u>

The notes to the financial statements are an integral part of this statement.

CITY OF SULLIVAN, MISSOURI  
RECONCILIATION OF THE STATEMENT OF ASSETS, LIABILITIES,  
AND FUND BALANCES - MODIFIED CASH BASIS - GOVERNMENTAL FUNDS -  
TO THE STATEMENT OF NET POSITION - MODIFIED CASH BASIS  
SEPTEMBER 30, 2022

Total fund balance - total governmental funds	\$ 12,878,862
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets, net of depreciation, used in governmental activities are not financial resources, and therefore are not reported in the governmental funds statement of assets, liabilities, and fund balance - modified cash basis.	16,710,606
Internal service funds are used by management to charge the cost of certain activities such as health insurance and municipal utilities to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the government-wide statement of net position	<u>103,197</u>
Net position of governmental activities per the statement of net position - modified cash basis - government wide	<u><u>\$ 29,692,665</u></u>

The notes to the financial statements are an integral part of this statement.

CITY OF SULLIVAN, MISSOURI  
STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES - MODIFIED CASH BASIS  
GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

	Major Funds			Nonmajor Funds	
		Capital Projects	Elmont Overpass	Other	
	General Fund	Fund	Fund	Governmental	Total
				Funds	
REVENUES					
Property tax	\$ 449,070	\$ -	\$ -	\$ -	\$ 449,070
Sales tax	1,963,355	981,677	981,677	414,716	4,341,425
Motor fuel taxes	-	-	-	212,681	212,681
Grant income	767,014	-	-	-	767,014
Charges for services	604,029	-	-	-	604,029
Rental income	134,429	-	-	-	134,429
Investment income	44,921	7,850	7,506	-	60,277
Licenses and permits	96,864	-	-	-	96,864
Miscellaneous	366,103	-	88,046	2,602	456,751
Total revenues	<u>4,425,785</u>	<u>989,527</u>	<u>1,077,229</u>	<u>629,999</u>	<u>7,122,540</u>
EXPENDITURES					
Current					
Administrative and general	1,044,883	87,165	88,222	-	1,220,270
Police	2,206,038	-	-	300,949	2,506,987
Judicial	67,527	-	-	-	67,527
Animal control	70,257	-	-	-	70,257
Streets	424,991	-	-	72,701	497,692
Airport	208,057	-	-	-	208,057
Culture and recreation	803,365	-	-	-	803,365
Capital outlay	49,138	331,620	300,000	-	680,758
Total expenditures	<u>4,874,256</u>	<u>418,785</u>	<u>388,222</u>	<u>373,650</u>	<u>6,054,913</u>
Excess (deficiency) of revenue over expenditures	<u>(448,471)</u>	<u>570,742</u>	<u>689,007</u>	<u>256,349</u>	<u>1,067,627</u>
OTHER FINANCING SOURCES (USES)					
Transfers between funds	1,499,139	-	-	-	1,499,139
Total other financing sources (uses)	<u>1,499,139</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,499,139</u>
Net changes in fund balances	1,050,668	570,742	689,007	256,349	2,566,766
Fund balances - beginning	<u>6,777,372</u>	<u>2,860,023</u>	<u>312,593</u>	<u>362,108</u>	<u>10,312,096</u>
Fund balances - ending	<u>\$ 7,828,040</u>	<u>\$ 3,430,765</u>	<u>\$ 1,001,600</u>	<u>\$ 618,457</u>	<u>\$ 12,878,862</u>

The notes to the financial statements are an integral part of this statement.



CITY OF SULLIVAN, MISSOURI  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES - MODIFIED CASH BASIS - GOVERNMENTAL  
FUNDS TO THE STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

Net change in fund balances - total governmental funds	\$ 2,566,766
Amounts reported for governmental activities in the statement of activities - modified cash basis are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities - modified cash basis, the cost of those assets are allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.	
	(826,818)
Disposal of capital assets	
Disposals	<u>(5,791)</u>
Internal service funds are used by management to charge the costs of certain activities, such as health insurance and municipal utilities, to individual funds. The net profit (loss) of the internal service funds is reported in net with the governmental activities	
	<u>133,015</u>
Change in net position of governmental activities per the statement of activities - modified cash basis - government wide	<u><u>\$ 1,867,172</u></u>

The notes to the financial statements are an integral part of this statement.

CITY OF SULLIVAN, MISSOURI  
STATEMENT OF NET POSITION - MODIFIED CASH BASIS  
PROPRIETARY FUNDS  
SEPTEMBER 30, 2022

	Business-Type Activities				Governmental Activities
	Electric Fund	Water and Sewer Fund	Solid Waste Fund	Total	Internal Service Funds
<b>ASSETS</b>					
Current assets					
Cash and cash equivalents	\$ 4,479,928	\$ 3,283,176	\$ 142,839	\$ 7,905,943	\$ 103,197
Certificates of deposit	7,267,929	529,479	-	7,797,408	-
Investments	-	27,593	-	27,593	-
Accounts receivable (net of allowance)	1,998,953	549,276	74,966	2,623,195	-
Interfund receivable	250,000	111,494	-	361,494	-
Total current assets	<u>13,996,810</u>	<u>4,501,018</u>	<u>217,805</u>	<u>18,715,633</u>	<u>103,197</u>
Noncurrent assets					
Capital assets, net of depreciation	747,123	11,824,204	-	12,571,327	-
Total noncurrent assets	<u>747,123</u>	<u>11,824,204</u>	<u>-</u>	<u>12,571,327</u>	<u>-</u>
Total assets	<u>\$ 14,743,933</u>	<u>\$ 16,325,222</u>	<u>\$ 217,805</u>	<u>\$ 31,286,960</u>	<u>\$ 103,197</u>
<b>LIABILITIES</b>					
Current liabilities					
Current portion of bonds payable	\$ -	\$ 467,000	\$ -	\$ 467,000	\$ -
Total current liabilities	<u>-</u>	<u>467,000</u>	<u>-</u>	<u>467,000</u>	<u>-</u>
Noncurrent liabilities					
Bonds payable	-	2,269,000	-	2,269,000	-
Total noncurrent liabilities	<u>-</u>	<u>2,269,000</u>	<u>-</u>	<u>2,269,000</u>	<u>-</u>
Total liabilities	<u>\$ -</u>	<u>\$ 2,736,000</u>	<u>\$ -</u>	<u>\$ 2,736,000</u>	<u>\$ -</u>
<b>NET POSITION</b>					
Net investment in capital assets	\$ 747,123	\$ 9,088,204	\$ -	\$ 9,835,327	\$ -
Unrestricted	13,996,810	4,501,018	217,805	18,715,633	103,197
Total net position	<u>\$ 14,743,933</u>	<u>\$ 13,589,222</u>	<u>\$ 217,805</u>	<u>\$ 28,550,960</u>	<u>\$ 103,197</u>

The notes to the financial statements are an integral part of this statement.

CITY OF SULLIVAN, MISSOURI  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION - MODIFIED CASH BASIS  
PROPRIETARY FUNDS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

	Business-Type Activities				Governmental Activities
	Electric Fund	Water and Sewer Fund	Solid Waste Fund	Total	Internal Service Funds
OPERATING REVENUES					
Charges for services	\$ 10,355,897	\$ 3,190,279	\$ 444,735	\$ 13,990,911	\$ -
Interfund services provided	273,476	48,634	-	322,110	1,844,893
Total operating revenues	10,629,373	3,238,913	444,735	14,313,021	1,844,893
OPERATING EXPENSES					
Personnel	619,135	491,803	-	1,110,938	360,736
Power purchases	6,191,729	203,343	-	6,395,072	-
Commodities	362,562	808,097	-	1,170,659	89,967
Contractual services	376,876	511,079	351,676	1,239,631	1,259,962
Interfund charges	-	-	82,844	82,844	1,213
Depreciation	153,197	755,989	-	909,186	91
Total operating expenses	7,703,499	2,770,311	434,520	10,908,330	1,711,969
Operating income (loss)	2,925,874	468,602	10,215	3,404,691	132,924
NON-OPERATING REVENUES (EXPENSES)					
Interest income	45,072	3,910	-	48,982	-
Grant income	-	15,000	-	15,000	-
Interest expense	-	(135,976)	-	(135,976)	-
Total non-operating revenues (expenses)	45,072	(117,066)	-	(71,994)	-
Changes in net position before transfers	2,970,946	351,536	10,215	3,332,697	132,924
Transfers between funds	(1,499,139)	-	-	(1,499,139)	-
Change in net position	1,471,807	351,536	10,215	1,833,558	132,924
Net position - beginning	13,272,126	13,237,686	207,590	26,717,402	(29,727)
Net position - ending	\$ 14,743,933	\$ 13,589,222	\$ 217,805	\$ 28,550,960	\$ 103,197

The notes to the financial statements are an integral part of this statement.

CITY OF SULLIVAN, MISSOURI  
STATEMENT OF CASH FLOWS - MODIFIED CASH BASIS  
PROPRIETARY FUNDS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

	Business-Type Activities				Governmental Activities
	Electric Fund	Water and Sewer Fund	Solid Waste Fund	Total	Internal Service Funds
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Cash received from customers	\$ 10,336,905	\$ 3,259,704	\$ 443,922	\$ 14,040,531	\$ 1,844,893
Cash paid to suppliers	(4,635,454)	(1,690,899)	(434,520)	(6,760,873)	(1,466,097)
Cash paid to employees	(414,848)	(323,423)	-	(738,271)	(245,781)
Net cash provided (used) by operating activities	<u>5,286,603</u>	<u>1,245,382</u>	<u>9,402</u>	<u>6,541,387</u>	<u>133,015</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>					
Transfers between funds	(1,499,139)	-	-	(1,499,139)	-
Grant income	-	15,000	-	15,000	-
Net cash provided (used) by noncapital financing activities	<u>(1,499,139)</u>	<u>15,000</u>	<u>-</u>	<u>(1,484,139)</u>	<u>-</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Principal payments on borrowings	-	(477,000)	-	(477,000)	-
Interest paid on borrowings	-	(135,976)	-	(135,976)	-
Purchases of capital assets	(28,892)	(23,434)	-	(52,326)	-
Net cash provided (used) by capital and related financing activities	<u>(28,892)</u>	<u>(636,410)</u>	<u>-</u>	<u>(665,302)</u>	<u>-</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Interest income	45,072	3,910	-	48,982	-
Purchase of investments	(1,295,000)	(1,864)	-	(1,296,864)	-
Net cash provided (used) by investing activities	<u>(1,249,928)</u>	<u>2,046</u>	<u>-</u>	<u>(1,247,882)</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	2,508,644	626,018	9,402	3,144,064	133,015
Cash and cash equivalents - beginning of year	1,971,284	2,657,158	133,437	4,761,879	(29,818)
Cash and cash equivalents - end of year	<u>\$ 4,479,928</u>	<u>\$ 3,283,176</u>	<u>\$ 142,839</u>	<u>\$ 7,905,943</u>	<u>\$ 103,197</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:					
Operating income (loss)	\$ 2,925,874	\$ 468,602	\$ 10,215	\$ 3,404,691	\$ 132,924
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation expense	153,197	755,989	-	909,186	91
Change in assets and liabilities					
Accounts receivable	(292,468)	20,791	(813)	(272,490)	-
Interfund receivable	2,500,000	-	-	2,500,000	-
Net cash provided (used) by operating activities	<u>\$ 5,286,603</u>	<u>\$ 1,245,382</u>	<u>\$ 9,402</u>	<u>\$ 6,541,387</u>	<u>\$ 133,015</u>

The notes to the financial statements are an integral part of this statement.

CITY OF SULLIVAN, MISSOURI  
STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
SEPTEMBER 30, 2022

	Agency Fund
ASSETS	
Cash and cash equivalents	\$ 3,801
Total assets	<u>\$ 3,801</u>
LIABILITIES AND NET POSITION	
LIABILITIES	
Interfund balance	\$ 436
Total liabilities	<u>\$ 436</u>
NET POSITION	
Held in trust for pension benefits and other purposes	\$ 3,365
Total net position	<u>\$ 3,365</u>

The notes to the financial statements are an integral part of this statement.

CITY OF SULLIVAN, MISSOURI  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2022

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The City of Sullivan, Missouri (the “City”), operates under a Mayor-Board of Aldermen form of government and provides the following services: public safety (police), streets, sanitation, culture and recreation, public improvements, planning and zoning, general administrative services, utility operations and airport operations.

These financial statements are presented on a modified cash basis of accounting. The modified cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant accounting policies established in GAAP and used by the City are discussed below:

Reporting Entity

These financial statements present the City (the primary government). The City does not have any component units. As defined by GASB No. 14, component units are legally separate entities that are included in the reporting entity because of the significance of their operating or financial relationships with the City.

Modified Cash Basis

In the government-wide statement of net position – modified cash basis and statement of activities – modified cash basis, both governmental and business-type activities are presented using a modified cash basis of accounting. This basis recognizes assets, liabilities, net position/fund equity, revenues, and expenditures/expenses when they result from cash transactions with a provision for depreciation in the government-wide financial statements and proprietary fund statements. This basis is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

As a result of the use of this modified cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.

The modifications to the cash basis include certificates of deposit, investments, proprietary fund customer accounts receivable, capital assets, interfund balances, and bonds payable.

Basis of Presentation

*Government-wide Financial Statements*

The Statement of Net Position – Modified Cash Basis and Statement of Activities – Modified Cash Basis report information on all of the non-fiduciary activities of the City. The statements distinguish between governmental and business-type activities. As a general rule, the effect of interfund activity has been removed from these statements.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. The focus of fund financial statements is on major funds. Major individual governmental funds and major individual proprietary funds are reported as separate columns in the fund financial statements. Nonmajor funds are aggregated and presented in a single column.

CITY OF SULLIVAN, MISSOURI  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2022

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

A fund is considered major if it is the primary operating fund of the City or meets the following criteria:

- A. Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or proprietary fund are at least ten percent of the corresponding total for all funds of that category or type; and
- B. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental fund or proprietary fund are at least five percent of the corresponding total for all governmental and proprietary funds combined.
- C. Or, it is specifically designated by the City as a major fund.

Fund Accounting - Financial activities of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues, and expenditures/expenses. Funds are organized into three major categories: governmental, proprietary, and fiduciary. An emphasis is placed on major funds within the governmental and proprietary categories. The funds of the financial reporting entity are described below:

Governmental Funds

*General Fund*

The General Fund is the primary operating fund of the City and is always classified as a major fund. It is used to account for all activities except those legally or administratively required to be accounted for in other funds.

*Special Revenue Funds*

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expend funds for certain purposes.

*Capital Project Funds*

Capital Project funds are used to account for the financial resources that are restricted, committed, or assigned to expenditure for capital outlay, including the acquisition or construction of capital facilities and other capital assets. The City's capital project funds include Capital Projects and Elmont Overpass funds.

Proprietary Funds

Proprietary funds are used to account for business-type activities provided to the general public. These activities are financed primarily by user charges, and the measurement of financial activity focuses on net income measurement similar to the private sector. The City's major enterprise funds include the Electric, Water and Sewer and Solid Waste Funds.

*Internal Service Fund*

Internal service funds are used to account for activities that provide goods or services to other funds, departments, or agencies of the primary government, or to other governments, on a cost reimbursement basis. The City has two internal services funds: Employee Health Benefits and Sullivan Municipal Utilities.

CITY OF SULLIVAN, MISSOURI  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2022

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Fiduciary Funds

Fiduciary funds are used to account for assets held by the City in a trustee capacity or as an agent for individuals, other governments and/or other funds. The reporting entity includes the following fiduciary funds: Municipal Court Bond and Deferred Compensation Plan.

Governmental Fund Balances

Fund balance is the difference between assets and liabilities in a Governmental Fund. In accordance with Government Accounting Standards Board 54, Fund Balance Reporting and Government Fund Type Definitions, the following types of fund balances are presented in the Governmental Funds Balance Sheet:

Nonspendable - the portion of a Governmental Fund's balance that is not available to be spent, either short term or long term, in either form or through legal restrictions. There were no nonspendable fund balances as of September 30, 2022.

Restricted - the portion of a Governmental Fund's balance that is subject to external enforceable legal restrictions by creditors (such as through debt covenants), grantors, contributors or other governments; or are imposed by law. The following accounts fund balance is reported in the General, Capital Projects, Elmont Overpass, Motor Fuel Tax, Public Safety and MODAG.

Committed - the portion of a Governmental Fund's balance sheet that represents amounts that can be used for specific purposes pursuant to constraints imposed by formal actions of the Board. There were no committed fund balances as of September 30, 2022.

Assigned - the portion of a Governmental Fund's balance sheet that represents amounts the City intends to be used for specific purposes but are neither restricted nor committed. There were no assigned fund balances as of September 30, 2022.

Unassigned - available expendable financial resources in a governmental fund that are not designated for a specific purpose. This is the residual classification of the General Fund. Other governmental funds might report a negative balance in this classification, as the result of overspending for specific purposes for which amounts had been restricted, committed, or assigned. The following accounts comprises the unassigned fund balance: General and Elmont Overpass.

The City uses restricted amounts first when both restricted and unrestricted fund balances are available, unless there are legal contracts that prohibit doing this.

Net Position

Net position represents the difference between assets and liabilities. Net investment in capital assets represents the cost of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any long-term debt used to build or acquire the capital assets. Net position is reported as restricted when there are limitations imposed on the use of assets, either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. All other net position is reported as unrestricted.



CITY OF SULLIVAN, MISSOURI  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2022

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

Measurement Focus and Basis of Accounting

Measurement focus is a term used to describe "how" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied.

In the government-wide Statement of net position - modified cash basis and the statement of activities - modified cash basis, governmental activities are presented using the economic resources measurement focus, within the limitations of the modified cash basis of accounting.

Governmental activities and business-type activities in the government-wide financial statements and the governmental funds' financial statements are presented on the modified cash basis of accounting. Accordingly, all governmental fund revenue is recognized and recorded when cash is received, proprietary fund revenue is recorded when it becomes measurable and available and expenditures are recognized and recorded when checks are written. Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or within sixty days after year-end.

Cash, Cash Equivalents, and Investments

The City considers all demand and savings accounts and certificates of deposit with an original maturity of three months or less to be cash and cash equivalents.

Certificates of deposit held at local banks with an original maturity of more than three months are valued at cost and labeled as certificates of deposit in the financial statements.

Investments held in brokerage accounts are carried at fair value and labeled as investments in the financial statements. Fair value is based on quoted market prices. Additional cash and investment disclosures are presented in the following notes.

Common Bank Account

Separate bank accounts are not maintained for all City funds, instead, certain funds maintain their uninvested cash balances in a common checking account with accounting records being maintained to show the portion of the common bank account balance attributable to each participating fund.

Occasionally, certain funds participating in the common bank account will incur overdrafts (deficits) in the account. The overdrafts result from expenditures, which have been approved by Board of Aldermen. As of September 30, 2022, there were no funds that had an overdraft balance.

Receivables

Customer accounts receivable consists of amounts owed from private individuals or organizations for goods and services. As of September 30, 2022, net utility receivables include an allowance for doubtful accounts of \$1,980,000.

CITY OF SULLIVAN, MISSOURI  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2022

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Interfund Receivables and Payables

During the course of operations, numerous transactions occur between individual funds that may result in amounts owed between funds. Those related to goods and services type transactions are classified as “due to and from other funds.” Short-term interfund loans are reported as “interfund receivables and payables.” Long-term interfund loans (noncurrent portion) would be reported as “advances from and to other funds.” Interfund receivables and payables between funds within governmental activities are eliminated in the statement of net position - modified cash basis.

Program Revenues

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally designated resources are reported as general revenues rather than as program revenues.

Operating and Non-Operating Revenues and Expenses - Proprietary Funds

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating items*. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund’s principal ongoing operations. The principal operating revenues of the City’s proprietary funds are charges to customers for services. Operating expenses for proprietary funds include the cost of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Capital Assets

The accounting treatment for property, plant, and equipment (capital assets) depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

*Government-wide Statements*

In the government-wide financial statements, capital assets are defined as assets with an initial, individual cost of more than \$10,000 and an estimated useful life in excess of one year. All capital assets are valued at historical cost, or estimated historical cost if actual is unavailable, except for donated capital assets, which are recorded at their estimated fair value at the date of donation.

Estimated historical cost was used to value the majority of the assets acquired prior to September 30, 2005. Prior to July 1, 2002, governmental funds’ infrastructure assets were not capitalized when purchased; however, they have been valued and recorded at estimated historical cost.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the assets’ estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

CITY OF SULLIVAN, MISSOURI  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2022

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Class	Useful Lives
Building	25 - 50 years
Improvements	10 - 50 years
Machinery and equipment	3 - 20 years
Utility system	25 - 50 years
Infrastructure	25 - 50 years

Long-Term Liabilities

The accounting treatment of long-term liabilities depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

All long-term liabilities to be repaid from governmental and business-type resources are reported as liabilities in the government-wide statements. Consistent with the modified cash basis of accounting, long-term liabilities only consist of bonds payable.

Long-term liabilities for governmental funds are not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payments of principal and interest are reported as expenditures. The accounting for proprietary funds is the same in the fund financial statements as it is in the government-wide statements.

Interfund Transfers

Permanent reallocations of resources between funds of the reporting entity are classified as interfund transfers. For the purposes of the statement of activities - modified cash basis, all interfund transfers between individual governmental funds have been eliminated.

Statement of Cash Flows

For purposes of the proprietary fund's statement of cash flows, the City considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Compensated Absences

The City's policy regarding paid time off permits employees to accumulate earned but unused vacation leave. Upon termination of employment, the City will pay the employee all vacation time accrued and 50% of the sick time, not to exceed 480 hours. Compensated absences are accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in the governmental funds in the fund financial statements only if they have matured, for example, as a result of employee resignations and retirements. The balance has not been recorded in the financial statements as it is not a modification to the cash basis.

Use of Estimates

The preparation of basic financial statements in conformity with a comprehensive basis of accounting other than U.S. generally accepted accounting principles requires the City to make estimates and assumptions that affect the reported amounts in the basic financial statements and the accompanying notes. Actual results could differ from those estimates.

CITY OF SULLIVAN, MISSOURI  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2022

**NOTE 2 - RISK MANAGEMENT**

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and, natural disasters. The City has established an employee health benefits fund (an internal service fund) to account for the City's comprehensive health plan providing medical and prescription drug coverage for the benefit of eligible employees and their eligible dependents.

The costs associated with this self-insurance plan are reported as interfund transactions. Accordingly, they are treated as operating revenues of the employee health benefits fund and operating expenditures (expenses) of the other funds. Claims payable include provisions for claims incurred, but not reported. The provision for claims incurred, but not yet reported, is computed by the City's third party administrator based on historical data. The liability has not been recorded in the financial statements.

The City continues to carry commercial insurance for all other risks of loss. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

**NOTE 3 - DEPOSITS AND INVESTMENTS**

The primary objectives, in priority order, of the City's investment policy shall be safety, liquidity, and yield. The City is authorized to invest in, among other things, United States treasury securities, United States agency securities, repurchase agreements and collateralized public deposits. During 2022, the City had investments in certificates of deposit, interest-bearing checking and savings accounts, and guaranteed investment contracts.

The guaranteed investment contracts are on deposit with United Missouri Bank. Fair market value approximates cost as the City has a pro-rata share of the fund. These deposits are held in trust accounts for the Combined Waterworks and Sewerage System Revenue Bonds debt service accounts. The City's funds are invested under the State Revolving Fund Program and are required to be collateralized in the amount of 100% of the value of the investment.

Deposits and investments are subject to various risks, the following of which are considered the most significant:

*Custodial Credit Risk:* In the case of deposits, this is the risk that in the event of a bank failure, the City's deposits may be lost. The City's investment policy requires all certificates of deposit plus any demand deposits with the financial institution, less the amount insured by the Federal Deposit Insurance Corporation, to be secured by collateral with a market value equal to at least 103% of the deposits. At September 30, 2022, the City's bank balance was fully insured and collateralized.

For investments, this is the risk that, in the event of a failure of the counterparty to an investment transaction (typically a broker-dealer), the City would not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City's investment policy requires all repurchase agreements to be secured by collateral with a market value equal to at least 103% of the investment.

CITY OF SULLIVAN, MISSOURI  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2022

**NOTE 3 - DEPOSITS AND INVESTMENTS (continued)**

*Credit Risk:* This is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The City will minimize credit risk by pre-qualifying the financial institutions, broker/dealers, intermediaries, and advisors with which the City will do business and by diversifying the portfolio so that potential losses on individual securities will be minimized.

*Interest Rate Risk:* This is the risk of potential variability in the fair value of fixed rate investments resulting from changes in interest rates (the longer the period for which an interest rate is fixed, the greater the risk). According to the City's investment policy, the City will minimize the interest rate risk by:

- Structuring the investment portfolio so that securities mature to meet cash requirements, thereby avoiding the need to sell securities on the open market prior to maturity.
- Investing operating funds primarily in shorter-term securities.
- Investing bond proceeds with maturities that match expected disbursements.

**NOTE 4 - FAIR VALUE MEASUREMENTS**

The Financial Accounting Standards Board establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities and the lowest priority to unobservable inputs. The three levels of the fair value hierarchy are described below:

Level 1- Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the City has the ability to access.

Level 2- Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived from or corroborated by observable market data by correlation or other means.

Level 3- Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at September 30, 2022.

Fixed income: Valued at cost which approximates fair value.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the City believes its valuation methods are appropriate and consistent, the use of different methodologies to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

CITY OF SULLIVAN, MISSOURI  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2022

**NOTE 4 - FAIR VALUE MEASUREMENTS (continued)**

	Level 1	Level 2	Level 3	Total
Fixed Income	\$ -	\$ 27,593	\$ -	\$ 27,593
Total at fair value	\$ -	\$ 27,593	\$ -	\$ 27,593

**NOTE 5 - PROPERTY TAXES**

Property taxes attach as an enforceable lien on property as of December 31. Taxes are levied approximately October 1 and are payable by December 31. The county collects the property tax and remits it to the City. The assessed valuation of the tangible real, tangible personal and public utility property for the calendar year 2021 for purposes of local taxation was \$94,599,667. The tax levy per \$100 of the assessed valuation of tangible taxable property for the calendar year 2021 for purposes of local taxation was \$0.3988.

**NOTE 6 - EMPLOYEES' RETIREMENT PLANS**

Plan Description

The City participates in the Missouri Local Government Employees Retirement System (LAGERS), an agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for local government entities in Missouri. LAGERS is a defined benefit pension plan which provides retirement, disability, and death benefits to plan members and beneficiaries.

LAGERS was created and is governed by state statute, Section RSMo 70.600-70.755. As such, it is the system's responsibility to administer the law in accordance with the expressed intent of the General Assembly. The plan is qualified under the Internal Revenue Code Section 401 (a) and it is tax-exempt.

LAGERS issues a publicly available financial report that includes financial statements and supplemental information. That report may be obtained by writing to LAGERS, P.O. Box 1665, Jefferson City, MO 65102, or by calling 1-800-447-4334.

Funding Policy

Full-time employees contribute 0.0% of their gross pay to the pension plan. The June 30th statutorily required contribution rate is 10.88% (general) of annual covered payroll. The contribution requirements of plan members are determined by the governing body of the City. The contribution provisions of the City are established by state statute. For the fiscal year ended June 30, 2022, the City contributed \$324,726 which was 81% of the actuarially determined contribution.

CITY OF SULLIVAN, MISSOURI  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2022

**NOTE 7 - CAPITAL ASSETS**

Capital asset activity for governmental activities for the year ended September 30, 2022, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 3,058,504	\$ -	\$ 5,791	\$ 3,052,713
Total capital assets not being depreciated	<u>3,058,504</u>	<u>-</u>	<u>5,791</u>	<u>3,052,713</u>
Capital assets being depreciated:				
Building and improvements	4,934,935	26,434	-	4,961,369
Vehicles	1,446,960	-	62,883	1,384,077
Furniture and fixtures	43,911	-	-	43,911
Equipment	2,577,665	203,026	51,600	2,729,091
Infrastructure	24,250,712	80,232	-	24,330,944
Total capital assets being depreciated	<u>33,254,183</u>	<u>309,692</u>	<u>114,483</u>	<u>33,449,392</u>
Less accumulated depreciation for:				
Building and improvements	1,850,497	173,336	-	2,023,833
Vehicles	1,167,135	102,754	62,883	1,207,006
Furniture and fixtures	43,911	-	-	43,911
Equipment	1,842,530	182,784	51,600	1,973,714
Infrastructure	13,865,399	677,636	-	14,543,035
Total accumulated depreciation	<u>18,769,472</u>	<u>1,136,510</u>	<u>114,483</u>	<u>19,791,499</u>
Capital assets being depreciated, net	<u>14,484,711</u>	<u>(826,818)</u>	<u>-</u>	<u>13,657,893</u>
Governmental activity capital assets, net	<u>\$ 17,543,215</u>	<u>\$ (826,818)</u>	<u>\$ 5,791</u>	<u>\$ 16,710,606</u>

Depreciation expense was charged to governmental activities as follows:

Governmental activities:	
Administrative and general	\$ 59,330
Police	114,793
Animal control	906
Streets	639,838
Airport	125,304
Culture and recreation	196,339
Total Governmental Activities	<u>\$ 1,136,510</u>

CITY OF SULLIVAN, MISSOURI  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2022

**NOTE 7 - CAPITAL ASSETS** (continued)

Capital asset activity for business-type activities for the year ended September 30, 2022, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 551,266	\$ -	\$ -	\$ 551,266
Construction in progress	256,778	28,892	285,670	-
Total capital assets not being depreciated	<u>808,044</u>	<u>28,892</u>	<u>285,670</u>	<u>551,266</u>
Capital assets being depreciated:				
Building and improvements	592,675	285,670	1,200	877,145
Vehicles	1,713,478	-	44,170	1,669,308
Equipment	2,642,805	23,434	10,945	2,655,294
Infrastructure	19,613,386	-	-	19,613,386
Total capital assets being depreciated	<u>24,562,344</u>	<u>309,104</u>	<u>56,315</u>	<u>24,815,133</u>
Less accumulated depreciation for:				
Building and improvements	365,603	28,179	1,200	392,582
Vehicles	1,174,968	195,243	44,170	1,326,041
Equipment	2,267,838	117,348	10,945	2,374,241
Infrastructure	8,133,792	568,416	-	8,702,208
Total accumulated depreciation	<u>11,942,201</u>	<u>909,186</u>	<u>56,315</u>	<u>12,795,072</u>
Capital assets being depreciated, net	<u>12,620,143</u>	<u>(600,082)</u>	<u>-</u>	<u>12,020,061</u>
Business-type activities capital assets, net	<u>\$ 13,428,187</u>	<u>\$ (571,190)</u>	<u>\$ 285,670</u>	<u>\$ 12,571,327</u>

Depreciation expense was charged to business-type activities as follows:

Business-type activities	
Electric	\$ 153,197
Water and sewer	755,989
Total Business-type activities	<u>\$ 909,186</u>

**NOTE 8 – PENDING LITIGATION**

The City is not party to any litigation that, in the opinion of management, would have a material effect on the financial statements. However, any outstanding legal matters that arise would be handled by the City's insurance company.



CITY OF SULLIVAN, MISSOURI  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2022

**NOTE 9 - INTERFUND RECEIVABLES/PAYABLES/TRANSFERS**

The composition of interfund balances as of September 30, 2022, was as follows:

	Net Interfund Receivable	Net Interfund Payable
General	\$ -	\$ 226,528
Capital Projects	115,470	-
Elmont Overpass	-	250,000
Electric	250,000	-
Water and Sewer	111,494	-
Agency	-	436
	<u>\$ 476,964</u>	<u>\$ 476,964</u>

The interfund balances relate to amounts loaned among the funds that may or may not be expected to be repaid within the next year. Any debt due to other funds is shown on the respective government funds or proprietary funds balance sheet.

During the course of normal operations, the City has numerous transactions between funds to provide services, construct assets, service debt, etc. These transactions are generally reflected as transfers except for transactions reimbursing a fund for expenditures made by it for the benefit of another fund. Such transactions are recorded as expenditures in the disbursing fund and as a reduction of expenditures in the receiving fund. Transactions that would be treated as revenues or expenditures if they involve organizations external to the City are treated as revenues in the receiving fund and expenditures in the disbursing fund. Interfund transfers during the year ended September 30, 2022 were as follows:

	Transfers from other funds	Transfers to other funds
General	\$ 1,499,139	\$ -
Electric	-	1,499,139
	<u>\$ 1,499,139</u>	<u>\$ 1,499,139</u>

**NOTE 10 - LONG-TERM LIABILITIES**

A summary of changes in long-term liabilities for the year ended September 30, 2022, are as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Business-type activities:					
Lease purchase agreement	\$ 3,108,000	\$ -	\$ 427,000	\$ 2,681,000	\$ 412,000
Series 2002B Revenue Bond	105,000	-	50,000	55,000	55,000
Total business-type activities	<u>\$ 3,213,000</u>	<u>\$ -</u>	<u>\$ 477,000</u>	<u>\$ 2,736,000</u>	<u>\$ 467,000</u>

CITY OF SULLIVAN, MISSOURI  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2022

**NOTE 10 - LONG-TERM LIABILITIES** (continued)

**Business-type Activities:**

The City uses revenue bonds and lease purchase agreements to provide funds for acquisition and construction of major capital facilities. As of September 30, 2022, the City's outstanding balance of long-term debt in business-type funds consisted of the following:

\$7,395,000 lease purchase agreement with Missouri Association of Municipal Utilities, due in varying monthly installments through April 30, 2028; interest rate of 3.64%. Under this capital lease arrangement, costs of approximately \$7,030,000, less approximately \$1,757,000 of accumulated depreciation, are capitalized. The balance at September 30, 2022 was \$2,681,000.

\$700,000 City of Sullivan, Missouri, Combined Waterworks and Sewerage System Revenue Bonds, Series 2002B, due in varying annual installments through July 1, 2023; interest rates are variable from 2.05% to 5.00%. The balance at September 30, 2022 was \$55,000.

The annual requirements to amortize all debt outstanding as of September 30, 2022, are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 467,000	\$ 85,982	\$ 552,982
2024	465,000	74,899	539,899
2025	487,000	57,594	544,594
2026	509,000	39,500	548,500
2027	532,000	20,605	552,605
2028	276,000	2,945	278,945
Total	<u>\$ 2,736,000</u>	<u>\$ 281,525</u>	<u>\$ 3,017,525</u>

State statutes limit the amount of general obligation bonds a governmental entity may issue to 10% of its total assessed value. Based on a 2021 assessed value of \$94,599,667, the City's legal debt limit is \$9,459,967. The City has no general obligation debt.

**NOTE 11 – LONG TERM CONTRACT**

The City is a member of the Missouri Joint Municipal Electric Utility Commission (MJMEUC). MJMEUC manages a power pool known as Mid-Missouri Municipal Power Energy Pool ("MMMPEP"), of which the City is a member. All MMMPEP members (including the City) have an agreement (the "MMMPEP Agreement") with MJMEUC for the purchase of electric capacity and energy and transmission from MJMEUC. The MMMPEP Agreement requires MJMEUC to supply the full energy requirements of the City under the terms of a long term agreement.

CITY OF SULLIVAN, MISSOURI  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2022

**NOTE 11 – LONG TERM CONTRACT (continued)**

MMMPEP operations are governed by a committee (“Pool Committee”) consisting of one representative from each MMMPEP member and is comprised of 12 members. The Pool Committee is charged with determining policy within the scope of the agreement; including setting rates for all services provided by MJMEUC to MMMPEP members. These rates must include recovery of all MJMEUC’s costs incurred in connection with acquiring, providing, arranging or financing the provision of full requirements service to MMMPEP members. These rates include capacity and energy charges MJMEUC incurs under supply and transmission agreements and MJMEUC’s related administrative costs.

The rates are established so as to charge each MMMPEP member its proportionate share of all costs associated with MJMEUC’s performance under the MMMPEP Agreement. Charges based on such rates are assessed and billed monthly.

MJMEUC billed the MMMPEP members, based upon their pro-rata share and an estimated monthly usage, a total of \$2,098,522 to fund working capital for MMMPEP activities. This amount is expected to be refunded to the members at the conclusion of the contract term upon final settlement of all charges.

To meet the power and energy requirements of the City and the other MMMPEP members, MJMEUC presently obtains power and energy from the following resources: (i) power purchased under long-term firm energy contracts, unit-contingent energy contracts and interruptible contracts; and (ii) spot market purchases. The City purchases its full energy requirements from MJMEUC pursuant to the MMMPEP Agreement, but does not have any ownership interest in MJMEUC’s resources.

In the event a MMMPEP member would cancel or default on the MMMPEP Agreement without first assigning its rights and interest to a new member accepted by MJMEUC, the member would remain responsible for the unavoidable costs owed by MJMEUC under supply and transmission service agreements, including its share of all remaining fixed costs and its share of must-take or minimum-take energy (MTE). If possible, MJMEUC would utilize or sell the member’s MTE in exchange for providing the member a credit or offset equal to the fair value of the MTE up to the amount of the member’s obligation. As a result, the member would have a financial obligation after cancellation or default in the event that the fair value of the MTE is less than the member’s allocated share of MJMEUC’s unavoidable costs with respect to the resource obligations at the time of cancellation or default. Since the amount of the canceling or defaulting member’s obligation would depend on MJMEUC’s unavoidable costs after cancellation or default and the fair value of the MTE at such times in the future, the amount of the obligation is not reasonably determinable. Currently, the City has no plans or intentions to begin cancellation proceedings or expects to default on its obligation.

**NOTE 12 - SUBSEQUENT EVENTS**

Management has evaluated subsequent events through December 8, 2022, the date which the financial statements were available for issue, and has noted no reportable subsequent events.

## SUPPLEMENTARY INFORMATION

CITY OF SULLIVAN, MISSOURI  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

	Budgeted Amounts		Actual	Variance With
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Revenues				
Property tax	\$ 450,000	\$ 450,000	\$ 449,070	\$ (930)
Sales tax	1,800,000	1,800,000	1,963,355	163,355
Grant income	461,279	461,279	767,014	305,735
Charges for services	503,970	503,970	604,029	100,059
Rental income	130,000	130,000	134,429	4,429
Investment income	60,000	60,000	44,921	(15,079)
Licenses and permits	65,000	65,000	96,864	31,864
Miscellaneous	297,500	297,500	366,103	68,603
Total revenues	<u>3,767,749</u>	<u>3,767,749</u>	<u>4,425,785</u>	<u>658,036</u>
Expenditures				
Current				
Administrative and general	1,082,070	1,082,070	1,044,883	37,187
Police	2,188,260	2,188,260	2,206,038	(17,778)
Judicial	82,750	82,750	67,527	15,223
Animal control	73,600	73,600	70,257	3,343
Streets	519,900	519,900	424,991	94,909
Airport	202,900	202,900	208,057	(5,157)
Culture and recreation	865,320	865,320	803,365	61,955
Capital outlay	457,000	457,000	49,138	407,862
Total expenditures	<u>5,471,800</u>	<u>5,471,800</u>	<u>4,874,256</u>	<u>597,544</u>
Excess (deficiency) of revenues over expenditures	<u>(1,704,051)</u>	<u>(1,704,051)</u>	<u>(448,471)</u>	<u>1,255,580</u>
Other financing sources (uses)				
Transfers between funds	<u>1,400,000</u>	<u>1,400,000</u>	<u>1,499,139</u>	<u>99,139</u>
Total other financing sources (uses)	<u>1,400,000</u>	<u>1,400,000</u>	<u>1,499,139</u>	<u>99,139</u>
Excess (deficiency) of revenues over expenditures and other uses	<u>\$ (304,051)</u>	<u>\$ (304,051)</u>	<u>1,050,668</u>	<u>\$ 1,354,719</u>
Fund balance - beginning			<u>6,777,372</u>	
Fund balance - ending			<u>\$ 7,828,040</u>	

CITY OF SULLIVAN, MISSOURI  
BUDGETARY COMPARISON SCHEDULE  
CAPITAL IMPROVEMENTS FUND  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

	Budgeted Amounts		Actual	Variance With
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Revenues				
Sales tax	\$ 900,000	\$ 900,000	\$ 981,677	\$ 81,677
Investment income	20,000	20,000	7,850	(12,150)
Total revenues	<u>920,000</u>	<u>920,000</u>	<u>989,527</u>	<u>69,527</u>
Expenditures				
Current				
Administrative and general	83,000	83,000	87,165	(4,165)
Capital outlay	<u>711,750</u>	<u>711,750</u>	<u>331,620</u>	<u>380,130</u>
Total expenditures	<u>794,750</u>	<u>794,750</u>	<u>418,785</u>	<u>375,965</u>
Excess (deficiency) of revenues over expenditures	<u>\$ 125,250</u>	<u>\$ 125,250</u>	570,742	<u>\$ 445,492</u>
Fund balance - beginning			<u>2,860,023</u>	
Fund balance - ending			<u>\$ 3,430,765</u>	

CITY OF SULLIVAN, MISSOURI  
BUDGETARY COMPARISON SCHEDULE  
ELMONT OVERPASS FUND  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

	Budgeted Amounts		Actual	Variance With
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Revenues				
Sales tax	\$ 900,000	\$ 900,000	\$ 981,677	\$ 81,677
Interest income	1,200	1,200	7,506	6,306
Miscellaneous	82,000	82,000	88,046	6,046
Total revenues	<u>983,200</u>	<u>983,200</u>	<u>1,077,229</u>	<u>94,029</u>
Expenditures				
Current				
Administrative and general	83,000	83,000	88,222	(5,222)
Capital outlay	-	-	300,000	(300,000)
Total expenditures	<u>83,000</u>	<u>83,000</u>	<u>388,222</u>	<u>(305,222)</u>
Excess (deficiency) of revenues over expenditures	<u>900,200</u>	<u>900,200</u>	<u>689,007</u>	<u>(211,193)</u>
Other financing sources (uses)				
Transfers between funds	<u>(2,500,000)</u>	<u>(2,500,000)</u>	-	2,500,000
Total other financing sources (uses)	<u>(2,500,000)</u>	<u>(2,500,000)</u>	<u>-</u>	<u>2,500,000</u>
Excess (deficiency) of revenues over expenditures and other uses	<u>\$ (1,599,800)</u>	<u>\$ (1,599,800)</u>	689,007	<u>\$ 2,288,807</u>
Fund balance - beginning			<u>312,593</u>	
Fund balance - ending			<u>\$ 1,001,600</u>	

CITY OF SULLIVAN, MISSOURI  
NOTES TO SUPPLEMENTARY INFORMATION  
SEPTEMBER 30, 2022

**NOTE 1 - BUDGETS AND BUDGETARY ACCOUNTING**

The budget for all governmental fund types and for the expendable trust fund is prepared on the modified cash basis of accounting.

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

1. In March of each year, the Budget Officer will collect the data necessary, and make preliminary revenue estimates for the coming fiscal year. He/she will estimate expenditures for the present year, and note expenditures and revenues for the previous two (2) fiscal years.
2. In May of each year, the Budget Officer will request from each City Officer a statement of expenditures requested for the coming fiscal year.
3. In June of each year, the Budget Officer will review the departmental requests and make his/her final revenue estimates for the coming fiscal year, and will confer with department heads to discuss these requests.
4. In July of each year, the Budget Officer will begin assembling the City budget.
5. In August of each year, the Budget Officer will confer with the Mayor and any such other officers as the Mayor and any such other officers as the Mayor may designate, for preparation of the City budget for the next fiscal year to be submitted to the Board of Aldermen.
6. The budget shall be submitted to the Board of Aldermen at the regular meeting in September.
7. Amendments may be made by the Board during the year by the same procedures required for its original adoption.
8. Appropriations lapse at the end of each fiscal year.

**NOTE 2 - EXPENDITURES IN EXCESS OF BUDGET**

	<u>Budget</u>	<u>Actual</u>
Elmont Overpass Fund	\$ 83,000	\$ 388,222



CITY OF SULLIVAN, MISSOURI  
 COMBINING STATEMENT OF ASSETS, LIABILITIES, AND FUND BALANCES  
 MODIFIED CASH BASIS  
 NONMAJOR SPECIAL REVENUE FUNDS  
 SEPTEMBER 30, 2022

	Motor Fuel Tax Fund	Public Safety Fund	MODAG Fund	Total
ASSETS				
Cash and cash equivalents	\$ 529,355	\$ 33,625	\$ 55,477	\$ 618,457
Total assets	<u>\$ 529,355</u>	<u>\$ 33,625</u>	<u>\$ 55,477</u>	<u>\$ 618,457</u>
LIABILITIES AND FUND BALANCES				
LIABILITIES				
None	\$ -	\$ -	\$ -	\$ -
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES				
Restricted	529,355	33,625	55,477	618,457
Unassigned	-	-	-	-
Total fund balances (deficit)	<u>529,355</u>	<u>33,625</u>	<u>55,477</u>	<u>618,457</u>
Total liabilities and fund balances	<u>\$ 529,355</u>	<u>\$ 33,625</u>	<u>\$ 55,477</u>	<u>\$ 618,457</u>

CITY OF SULLIVAN, MISSOURI  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND  
 CHANGES IN FUND BALANCES - MODIFIED CASH BASIS  
 NONMAJOR SPECIAL REVENUE FUNDS  
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

	Motor Fuel Tax Fund	Public Safety Fund	MODAG Fund	Total
REVENUES				
Sales taxes	\$ 105,503	\$ 309,213	\$ -	\$ 414,716
Motor fuel taxes	212,681	-	-	212,681
Miscellaneous	2,602	-	-	2,602
Total revenues	<u>320,786</u>	<u>309,213</u>	<u>-</u>	<u>629,999</u>
EXPENDITURES				
Current				
Police	-	300,949	-	300,949
Streets	72,701	-	-	72,701
Total expenditures	<u>72,701</u>	<u>300,949</u>	<u>-</u>	<u>373,650</u>
Excess (deficiency) of revenues over expenditures	248,085	8,264	-	256,349
Fund balances - beginning	<u>281,270</u>	<u>25,361</u>	<u>55,477</u>	<u>362,108</u>
Fund balances - ending	<u><u>\$ 529,355</u></u>	<u><u>\$ 33,625</u></u>	<u><u>\$ 55,477</u></u>	<u><u>\$ 618,457</u></u>

**Federal Compliance**  
**Section**

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**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED  
ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE  
WITH *GOVERNMENT AUDITING STANDARDS***

To the Board of Alderman  
City of Sullivan, Missouri

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the modified cash basis financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of Sullivan, Missouri, as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the City of Sullivan, Missouri's basic financial statements, and have issued our report thereon dated December 8, 2022.

**Report Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the City of Sullivan, Missouri's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Sullivan, Missouri's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Sullivan, Missouri's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

## **Report Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City of Sullivan, Missouri's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

***Fick, Eggemeyer & Williamson***

Fick, Eggemeyer, & Williamson, CPA's  
Saint Louis, Missouri  
December 8, 2022

**CITY OF SULLIVAN, MISSOURI  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2022**

**Section I - Summary of Auditors' Results**

**Financial Statements**

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

Material weaknesses identified? \_\_\_\_\_ Yes      X   No

Significant deficiencies identified? \_\_\_\_\_ Yes      X   No

Noncompliance material to financial statements noted? \_\_\_\_\_ Yes      X   No

**Federal Awards – N/A**

Internal control over major programs:

Material weaknesses identified? \_\_\_\_\_ Yes    \_\_\_\_\_ No

Significant deficiencies identified? \_\_\_\_\_ Yes    \_\_\_\_\_ No

Type of auditors' report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance \_\_\_\_\_ Yes    \_\_\_\_\_ No

**Identification of major programs:**

**CFDA Numbers**

**Name of Federal Program or Cluster**

N/A

Dollar threshold used to distinguish between Type A and Type B programs: \$ 750,000

Auditee qualified as low risk auditee? \_\_\_\_\_ Yes    \_\_\_\_\_ No

**CITY OF SULLIVAN, MISSOURI  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2022**

**Section II - Financial Statement Findings**

There are no reportable conditions to disclose.

**Section III - Federal Award Findings**

There are no federal award findings to disclose.

**CITY OF SULLIVAN, MISSOURI  
SCHEDULE OF RESOLUTION OF PRIOR YEAR AUDIT FINDINGS  
FOR THE YEAR ENDED SEPTEMBER 30, 2022**

<u>Prior finding number</u>	<u>Condition</u>	<u>Current Status</u>
N/A		